

## Message Text

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ACTION L-02

INFO OCT-01 EUR-12 IO-10 ISO-00 CIAE-00 PM-03 H-02 INR-07

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 A-01

CPR-01 OMB-01 TRSE-00 AID-05 IGA-01 EB-07 FAA-00

COME-00 DOTE-00 OPR-02 /085 W

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R 031320Z JUL 75

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 9443

SECDEF

INFO USMISSION GENEVA

HDQTRS 7206TH AIR BASE GROUP//FOR COL ULLERICH//

HDQTRS USAFE RAMSTEIN GER

C O N F I D E N T I A L SECTION 1 OF 2 ATHENS 5005

SECDEF FOR GC/IA, MR. J.J. ALLEN; GENEVA FOR RUSSELL

E.O. 11652: GDS

TAGS: MORG, CFED, GR

SUBJECT: FOREIGN TAXATION OF USG EXPENDITURES ABROAD

1. SUBCOMMITTEE OF INTER-GENCY COMMITTEE FOR FOREIGN TAX  
RELIEF COMPOSED OF ASSISTANT LEGAL ADVISER L.G. FIELDS, JR.,  
CHAIRMAN, AND ATTORNEY ADVISER J.A. BOYD, STATE DEPT. MEMBER,  
WITH THE ASSISTANCE OF COL.J.C. ULLERICH, JR., USAF STAFF  
JUDGE ADVOCATE, HAVE DRAFTED THE FOLLOWING PROPOSED TAX  
RELIEF ANNEX FOR US-GOG BASE AGREEMENT NOW BEING NEGOTIATED:  
BEGIN TEXT  
ANNEX ON RELIEF FROM TAXES AND DUTIES

WITH RESPECT TO ARTICLE---OF THE AGREEMENT-----,  
THE GOVERNMENTS OF GREECE AND THE UNITED STATES OF AMERICA  
HAVE REACHED UNDERSTANDINGS RELATING TO FISCAL ARRANGEMENTS  
APPLICABLE TO EXPENDITURES IN GREECE BY THE UNITED STATES FOR  
EQUIPMENT, MATERIALS, SUPPLIES, FACILITIES, UTILITIES,  
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SERVICES AND OTHER THINGS FORTHE COMMON DEFENSE EFFORT,

INCLUDING EXPENDITURES FOR ANY FOREIGN AID PROGRAM OF THE UNITED STATES. THE GOVERNMENT OF GREECE AGREES WITH THE PRINCIPLE THAT RELIEF FROM TAXES AND DUTIES NOW IN EXISTENCE OR HEREAFTER ENACTED WILL BE ACCORDED THE ABOVE EXPENDITURES AND, IN CONFORMITY WITH THAT PRINCIPLE, THE GOVERNMENTS OF THE UNITED STATES AND GREECE HAVE REACHED AGREEMENT ON THE FOLLOWING POINTS:

1. THE EXPENDITURES DESCRIBED IN THE PRECEDING PARAGRAPH AND THE PROPERTY AND ACTIVITIES OF THE UNITED STATES RELATED TO THE COMMON DEFENSE EFFORT WILL BE RELIEVED FROM EVERY DIRECT OR INDIRECT TAX, CUSTOM, DUTY, TOLL, FEE, CHARGE, DEDUCTION OR CONTRIBUTION GENERALLY IMPOSED IN FAVOR OF THE STATE, MUNICIPALITIES, COMMUNES, STATUTORY BODIES OF PUBLIC LAW OR ANY THIRD PARTY GENERALLY. THIS RELIEF INCLUDES, BUT IS NOT LIMITED TO, RELIEF FROM:

A. IMPORT TAXES AND DUTIES, TURNOVER TAXES, STAMP TAXES, LUXURY TAXES, CONSUMPTION TAXES, EXPORT TAXES AND DUTIES, GARBAGE AND STREET LIGHTING FEES, RADIO BROADCASTING SERVICE TAXES, REAL PROPERTY TRANSFER TAXES, EXCISE TAXES, PROPERTY TAXES, MOTOR VEHICLE DUTIES, TRANSPORTATION ENTERPRISE TAXES, PORT DUES OR CHARGES, AIRCRAFT LANDING FEES, ENTERTAINMENT TAXES, OR ANY OTHER DIRECT OR INDIRECT TAXES ASSESSED OR CHARGED IN ANY FASHION ON THE EXPENDITURES, PROPERTY OR ACTIVITIES OF THE UNITED STATES OR ON THE GROSS INCOME RECEIVED BY AN INDIVIDUAL OR ENTITY FOR SUPPLYING ANY EQUIPMENT, MATERIALS, SUPPLIES, FACILITIES, UTILITIES, SERVICES OR OTHER THINGS TO THE U.S. FORCES.

B. TAXES AND DUTIES (INCLUDING THE BUSINESS TURNOVER TAX) PAYABLE ON IMPORTATION OF ARTICLES, OR OF MATERIALS OR COMPONENTS USED IN THE PRODUCTION OF ARTICLES, PURCHASED BY MEANS OF SUCH EXPENDITURES.

C. BUSINESS TURNOVER TAXES AND STAMP DUES ON LOCALLY MADE OR PROCURED MATERIALS WHICH ARE PURCHASED BY CONTRACTORS OR SUBCONTRACTORS OF THE AMERICAN GOVERNMENT, AND ARE INTENDED FOR USES RELATED TO THE COMMON DEFENSE EFFORT.

D. TAXES

(I) ON THE SALE BY GREEK DEALERS AND SUPPLIERS OF ARTICLES PURCHASED BY MEANS OF SUCH EXPENDITURES, AND

(88) ON SALES TO SUCH GREEK DEALERS AND SUPPLIERS  
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OR ARTICLES, OR OF COMPONENTS OR MATERIALS USED IN THE PRODUCTION OF ARTICLES, WHERE THE ARTICLES ARE SUBSEQUENTLY PURCHASED BY MEANS OF SUCH EXPENDITURES.

2. WITH REGARD TO SUCH EXPENDITURES MADE UNDER CONTRACTS CONCLUDED DIRECTLY BY THE GOVERNMENT OF THE UNITED STATES WITH GREEK SUPPLIERS AND PAID DIRECTLY BY THE GOVERNMENT OF THE UNITED STATES TO SUCH SUPPLIERS, THE TAX RELIEF ACCORDED

UNDER THIS ANNEX SHALL BE PROVIDED IN SUCH MANNER THAT PAYMENTS BY THE GOVERNMENT OF THE UNITED STATES UNDER SUCH CONTRACTS SHALL BE NET OF THE TAXES SPECIFIED IN PARAGRAPH 1 ABOVE. THIS RELIEF WILL BE MADE AVAILABLE BY MEANS OF AUTHORIZATIONS DELIVERED BY THE GREEK FISCAL AUTHORITIES TO THE DEALERS AND SUPPLIERS, AND UNDER THE CONDITIONS SET FORTH IN THESE AUTHORIZATION.

IN EXCEPTIONAL CASES WHERE, AS A RESULT OF SPECIAL CIRCUMSTANCES, THESE AUTHORIZATIONS WERE NOT REQUESTED PRIOR TO THE PURCHASES MADE UNDER SUCH CONTRACTS, THE GREEK GOVERNMENT WILL RETURN, INsofar AS PERMITTED BY GREEK LAW AND IN ACCORDANCE WITH METHODS TO BE ESTABLISHED, THE BUSINESS TURNOVER AND STAMP TAXES INCLUDING BUSINESS

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C O N F I D E N T I A L SECTION 2 OF 2 ATHENS 5005

TURNOVE TAXES ON IMPORTS, WHICH HAVE BEEN PAID.

3. COMPANIES OTHER THAN GREEK COMPANIES THAT CONTRACT WITH THE UNITED STATES TO PERFORM SERVICES OR OTHER FUNCTIONS IN SUPPORT OF THE COMMON DEFENSE EFFORT SHALL DURING THE PERFORMANCE OF THE CONTRACT ENJOY THE FOLLOWING FACILITIES AND EXEMPTIONS:

A. THE COMPANIES SHALL BE EXEMPT FROM THE FORMALITIES AND PROCEDURES UNDER STANDING LEGISLATION CONCERNING THE ESTABLISHMENT OF AND CONDUCT OF BUSINESS BY FOREIGN COMPANIES IN GREECE.

B. THE ASSETS, PROPERTY, INCOME AND EXPENDITURES OF THE ABOVE COMPANIES WILL BE RELIEVED FROM EVERY DIRECT OR INDIRECT TAX, CUSTOM, DUTY, TOLL, FEE, CHARGE, DEDUCTION OR CONTRIBUTION GENERALLY IMPOSED IN FAVOR OF THE STATE, MUNICIPALITIES, COMMUNES, STATUTORY BODIES OF PUBLIC LAW OR ANY THIRD PARTY GENERALLY, IN THE SAME MANNER AS THE UNITED STATES IF RELIEVED AS DESCRIBED IN PARAGRAPHS 1 AND 2, ABOVE.

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4. THE GREEK GOVERNMENT WILL ACCORD RELIEF TO THE UNITED STATES GOVERNMENT FROM THE TAX ON WORKS CONTRACTS, THE TRANSPORT TAX, AND THE TAXES AND DUTIES DESCRIBED IN PARAGRAPH 1 ABOVE AFFECTING EXPENDITURES OF THE UNITED STATES FOR INFRASTRUCTURE FACILITIES IN GREECE. THIS RELIEF SHALL BE PROVIDED IN SUCH MANNER THAT EXPENDITURES BY THE GOVERNMENT OF THE UNITED STATES FOR INFRASTRUCTURE FACILITIES IN GREECE, WHETHER SUCH FACILITIES ARE FINANCED DIRECTLY BY THE GOVERNMENT OF THE UNITED STATES OR THROUGH THE GREEK GOVERNMENT, SHALL BE NET OF ALL TAXES AND DUTIES. WITH RESPECT TO INFRASTRUCTURE FACILITIES FINANCED THROUGH THE GREEK GOVERNMENT, EACH REIMBURSEMENT MADE BY THE GOVERNMENT OF THE UNITED STATES TO THE GREEK GOVERNMENT FOR THE COST OF SUCH INFRASTRUCTURE SHALL BE REDUCED BY A PERCENTAGE, TO BE MUTUALLY AGREED, REPRESENTING THE AMOUNT OF TAXES AND DUTIES FROM WHICH RELIEF IS ACCORDED UNDER THE TERMS OF THIS ANNEX. FROM TIME TO TIME, AT THE REQUEST OF EITHER GOVERNMENT, A REVIEW WILL BE MADE TO DETERMINE WHETHER THIS PERCENTAGE IS AN ACCURATE REPRESENTATION OF THESE TAXES AND DUTIES, AND, IF NOT, ADJUSTMENT WILL BE MADE IN THE AMOUNTS ALREADY PAID BY THE GOVERNMENT OF THE UNITED STATES AND IN THE PERCENTAGE TO BE WITHHELD IN CONNECTION WITH FUTURE PAYMENTS BY THE GOVERNMENT OF THE UNITED STATES.

THE METHOD OF ACCORDING RELIEF FROM THE AGREED TAXES AND DUTIES AFFECTING INFRASTRUCTURE FINANCED DIRECTLY BY THE GOVERNMENT OF THE UNITED STATES WILL BE AGREED BETWEEN THE TWO GOVERNMENTS WHEN THE OCCASION ARISES.

5. THE TAX RELIEF COVERED BY THIS ANNEX WILL NOT EXTEND TO SMALL EXPENDITURES WHERE THERE IS NO FORMAL CONTRACT CONCLUDED BY A "CONTRACTING AND PURCHASING OFFICER" OR OTHER OFFICIAL DULY DESIGNATED FOR THE PURPOSE OF CONCLUDING CONTRACTS BY THE GOVERNMENT OF THE UNITED STATES.

6. WITH RESPECT TO ANY GREEK TAXES WHICH THROUGH INTER-

PRETATION MAY BE FOUND NOT TO BE COVERED BY THIS ANNEX AND  
WITH RESPECT TO ANY EXPENDITURES OF THE GOVERNMENT OF THE  
UNITED STATES OF TYPES NOT REFERRED TO IN THIS ANNEX, THE  
TWO GOVERNMENTS WILL DISCUSS WHETHER RELIEF FROM SUCH TAXES,  
OR INCLUSION OF SUCH EXPENDITURES, WOULD BE CONSISTENT WITH  
THE PRINCIPLES UNDERLYING THIS ANNEX. IF SO, THE TWO  
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GOVERNMENTS WILL UNDERTAKE TO ESTABLISH PROCEDURES FOR  
PROVIDING FOR THE GOVERNMENT OF THE UNITED STATES APPROPRIATE  
RELIEF SIMILAR TO THAT OUTLINED IN THIS ANNEX.

7. THIS ANNEX IS NOT INTENDED TO AFFECT TAX RELIEF  
PROVIDED BY THE GOVERNMENT OF GREECE IN ACCORDANCE WITH ANY  
EXISTING ARRANGEMENT OR AGREEMENT REMAINING IN FORCE AFTER  
THE ENTRY INTO FORCE OF THIS ANNEX, NOR IS IT INTENDED  
THAT THE AGREEMENT SIGNED IN LONDON ON JUNE 19, 1951, ON THE  
STATUS OF NATO FORCES SHOULD AFFECT THE UNDERSTANDINGS  
CONTAINED IN THIS ANNEX.

8. THE RELIEF TO BE ACCORDED HEREUNDER IS APPLICABLE TO  
ALL EXPENDITURES AND SITUATIONS OF THE TYPES COVERED BY  
THIS ANNEX MADE OR ARISING AFTER THE DATE OF THIS ANNEX AND  
SHALL APPLY TO EVERY TAX, CUSTOM, DUTY, TOLL, FEES, CHARGE,  
ASSESSMENT OR OTHER INSTITUTED MEANS OF RAISING REVENUE BY  
WHATEVER GOVERNMENTAL AUTHORITY OR ENACTMENT WHICH MAY BE  
SUBSTITUTED FOR OR DEEMED A MODIFICATION OR REVISION OF ANY  
DIRECT OR INDIRECT TAX ENUMERATED OR CONTEMPLATED HEREIN.  
END TEXT

EMBASSY IS REVIEWING THIS TEXT WHICH MAY BE TABLED FOR  
DISCUSSION WITH GOG IN SEPTEMBER.

2. FIELDS INTENDS TO CONSULT WITH USAFE OFFICIALS DURING  
VISIT TO RAMSTEIN AND WITH ASSISTANT LEGAL ADVISER RUSSEL  
IN GENEVA PRIOR TO RETURNING TO WASHINGTON.  
KUBISCH

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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